

Star Stone Quarries, Inc.
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**DIVISION OF
OIL, GAS AND MINING**

February 29, 2000

Mr. D. Wayne Hedburg
Division of Oil, Gas, and Mining
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Wayne:

Enclosed is the revised Notice of Intention to Commence Large Mining Operations for our Cotton Thomas Mine (Quarry) in Box Elder County, Utah.

We made some adjustments to the NOI to reduce reclamation costs. The reduced reclamation costs are reflected in the Reclamation Surety Estimates. We would like to further reduce our up front costs by proposing a change in the method in which the surety is calculated. David Ryzak has been in contact with Tony Gallegos who believes the proposal is workable. Tony suggested we write down the proposed changes and present them to DOGM.

Star Stone Quarries proposes that the surety set up with DOGM is the amount after adding in the 10% contingency, but before adding in the 5 years' of 3.27% compounded escalation. We included DOGM's figures for comparison, however, we hope to reduce these costs considerably. For the Cotton Thomas Reclamation Surety Estimate as written by DOGM, the surety required will be \$90,256 instead of \$106,010. We propose that the funding document (presently a certificate of deposit with First Security Bank) when approved, be written so that 3.27% interest is added to the surety annually.

We will do the necessary paperwork with First Security Bank to set this up. Any excess interest over 3.27% will continue to go to Star Stone Quarries, Inc. If the escalation percentage changes during the course of the 5 years, the escalation added to the surety will be adjusted accordingly.

If this is a workable setup, we would like to set up all of our Reclamation Surety Estimates in like manner. Thank you for your consideration.

Sincerely,



Lon Thomas
President; Star Stone Quarries, Inc.